



Preferred Drug List (SB 6368) 2/16/2002

Background. Washington will spend more than \$700 million this year on prescription drugs -- 44 percent more than only three years ago. **SB 6368**, which consolidates state drug purchasing and creates a preferred drug list, will give the state the same tools commonly used in the private sector to control rising expenditures without compromising the quality of care.

Purpose of SB 6368:

- save taxpayer dollars
- ensure that the right drug gets to the right person at the right time
- reduce the hassles faced by physicians and pharmacies in prescribing drugs
- give seniors and others access to discounted drugs

Major Provisions of SB 6368:

- **Directs state agencies to consolidate their drug purchasing.** Agencies include DSHS (Medicaid), the Health Care Authority, Labor and Industries, Department of Corrections and Department of Health.
- **Creates a preferred drug list.** Currently, state beneficiaries can access most prescription drugs approved by the FDA, regardless of the product's cost or effectiveness. Under SB 6368, an independent panel of medical experts would evaluate which drugs are best in treating particular ailments, resulting in a list of preferred drugs. The bill provides incentives to encourage doctors to prescribe off the list of preferred drugs.
- **Allows the state to negotiate deeper discounts with manufacturers.** Armed with a list of drugs that are equally effective in treating particular ailments, the state will be able to ask the manufacturers to compete on price for the state's business. Pharmacists support this approach as it will not adversely affect their businesses.
- **Authorizes seniors and other residents to participate in the purchasing pool,** making them able to receive the same discounts as state agencies. Individuals may join the purchasing co-operative within a year of initial adoption of the preferred drug list.
- **Allows doctors to prescribe drugs** that are not on the preferred drug list.

Fiscal note: Agencies estimate the bill will reduce drug expenditures from 1 percent to 9 percent a year, resulting in \$20 million in savings in 2003-05* and \$11 million in savings in 2005-07. However, implementing the bill will cost \$1.5 million this biennium.

** L&I anticipates a one-time \$14.2 million reduction in reserves against claim costs.*

Supporters:

Washington State Medical Association

Washington State Pharmacy Association

Washington Academy of Family Physicians

Washington State Nurses Association

The ARC of Washington

American Lung Association

American Heart Association

American Cancer Society

Washington State Labor Council

Washington Labor Council

AARP

and others.